

Message Text

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TO SECSTATE WASHDC PRIORITY 5689

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

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E.O. 11652: N/A

TAGS: ECON, SF

SUBJ: SENATE HEARINGS ON US POLICY TOWARD SOUTH AFRICA

REF: STATE 236779

1. DIFFICULT TO QUANTIFY EFFECT OF CLOSURE OF MOZAMBICAN BORDER ON RHODESIAN ECONOMY FROM INFORMATION AVAILABLE TO EMBASSY IN VIEW RHODESIAN LID ON ECONOMIC DATA. HOWEVER, FROM REPORTS IN SA AND RHODESIAN PRESS AND OTHER SOURCES, WE HAVE RECEIVED STRONG IMPRESSION THAT BORDER CLOSURE CURRENTLY CAUSING CONSIDERABLE, ALTHOUGH PERHAPS TEMPORARY, DISLOCATION IN RHODESIAN ECONOMY DUE TO INABILITY OF SA RAILWAYS TO HANDLE ALL OF RHODESIA'S BULK EXPORTS. DELAYS IN MOVEMENT OF BULK EXPORTS REPORTEDLY PUTTING PRESSURE ON ALREADY TIGHT FOREIGN EXCHANGE SITUATION AND TRANSPORT CHARGES DUE TO LONGER DISTANCE TO SA PORTS FORMING ADDITIONAL FOREIGN EXCHANGE DRAIN.

2. PROBLEM IN MOVING RHODESIAN GOODS APPEARS TO LIE CHIEFLY WITH BOTTLENECKS AND LACK OF CAPACITY ON SA RAIL SYSTEM ITSELF RATHER THAN WITH
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PORT CAPACITY. SA PRESS ARTICLES IN EARLY AUGUST

REPORTED RHODESIAN EXPORT GOODS BEING STOCKPILED
AT MAFEKING, BEIT BRIDGE, PIETERSBURG AND OTHER
POINTS NEAR BORDER AWAITING SPACE ON SA RAILWAYS.

3. RHODESIAN HERALD OF AUGUST 20 REPORTS "URGENT"
MEETING ON TRANSPORT PROBLEMS BETWEEN IAN SMITH
AND PRESIDENTS OF MAJOR INDUSTRY, MINING, FARMING
AND COMMERCE ASSOCIATIONS IN RHODESIA. IN
SEPTEMBER 2 INTERVIEW IN RH, LES GALLON, PRESIDENT
OF ASSOCIATION OF RHODESIAN INDUSTRIES, QUOTED TO
EFFECT THAT TRANSPORTATION OF EXPORT PRODUCTS IS MOST
SERIOUS PROBLEM CURRENTLY FACING RHODESIAN ECONOMY
AND WAS PREVENTING RHODESIA FROM TAKING ADVANTAGE OF
IMPROVING PRICES FOR EXPORTS.

4. WHILE PRESSURES FROM TRANSPORT SQUEEZE CURRENTLY
ACUTE, PROBLEM IS VIEWED BY SOME OBSERVERS HERE AS
SHORT-TERM ONE WHICH WILL BE LARGELY OVERCOME BY
READJUSTMENT AND EXPANSION OF SAR FACILITIES. WHILE
GRADUAL IMPROVEMENT IN RHODESIAN TRANSPORT SITUATION
MAY BE FORTHCOMING, SPEED WITH WHICH IT OCCURS MAY WELL
BE SLOWER THAN MANY EXPECT OR RHODESIAN ECONOMY NEEDS.

5. ECONOMIST INTELLIGENCE UNIT'S QUARTERLY ECONOMIC
REVIEW STATES: QTE. THE MOST SERIOUS SINGLE
CONSEQUENCE TO DATE OF THE TRANSPORT PROBLEM HAS
BEEN THE DUMPING OF 16,000 TONS OF CITRUS BY
HIPPO VALLEY CITRUS ESTATE WHICH WOULD HAVE
BEEN EXPORTED. THE INTERNAL RAIL SYSTEM IS STILL
SUFFERING FROM THE LOSS OF LOCOMOTIVES AND WAGONS
IN MOZAMBIQUE AND ITS OPERATIONS ARE BEING FURTHER
RESTRICTED BY GUERILLA ACTIVITY. CERTAIN SECTIONS
OF THE LINE ARE RESTRICTED TO DAY TRAVEL AND BOTH
THE ROUTE TO BOTSWANA AND THE DIRECT LINK TO SOUTH
AFRICA HAVE BEEN BLOWN UP AT VARIOUS TIMES. . .
THE BOTTLENECKS IN SOUTH AFRICA APPEAR TO BE MAINLY
IN THE RAILWAY SECTOR THROUGH THE REEF AREA AND
REPORTS INDICATE THAT RHODESIAN TRAFFIC THROUGH THIS
AREA (WHICH WILL INCLUDE TRAFFIC FROM THE
RUTENGA LINK) HAS BEEN RESTRICTED TO ONE TRAIN A
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DAY. A SOLUTION TO THE TRANSPORT DIFFICULTIES IS
THE MAIN PREREQUISITE FOR STIMULATING THE ECONOMY.
UNQTE.
BOWDLER

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